
SECOND SUBSTITUTE SENATE BILL 6712

State of Washington

60th Legislature

2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kauffman, Kilmer, Kohl-Welles, and Keiser)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to affordable housing loan programs; amending RCW
2 43.185A.110; and adding a new section to chapter 43.185A RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 43.185A.110 and 2007 c 428 s 2 are each amended to
5 read as follows:

6 (1) The affordable housing land acquisition revolving loan fund
7 program is created in the department to assist eligible organizations,
8 described under RCW 43.185A.040, to purchase land for affordable
9 housing development. The department shall contract with the Washington
10 state housing finance commission to administer the affordable housing
11 land acquisition revolving loan fund program. Within this program, the
12 Washington state housing finance commission shall establish and
13 administer the Washington state housing finance commission land
14 acquisition revolving loan fund.

15 (2) As used in this chapter, "market rate" means the current
16 average market interest rate that is determined at the time any
17 individual loan is closed upon using a widely recognized current market
18 interest rate measurement to be selected for use by the Washington

1 state housing finance commission with the department's approval. This
2 interest rate must be noted in an attachment to the closing documents
3 for each loan.

4 (3) Under the affordable housing land acquisition revolving loan
5 fund program:

6 (a) Loans may be made to purchase land on which to develop
7 affordable housing. In addition to affordable housing, facilities
8 intended to provide supportive services to affordable housing residents
9 and low-income households in the nearby community may be developed on
10 the land.

11 (b) Eligible organizations applying for a loan must include in the
12 loan application a proposed affordable housing development plan
13 indicating the number of affordable housing units planned, a
14 description of any other facilities being considered for the property,
15 and an estimated timeline for completion of the development. The
16 Washington state housing finance commission may require additional
17 information from loan applicants and may consider the efficient use of
18 land, project readiness, organizational capacity, and other factors as
19 criteria in awarding loans.

20 (c) Forty percent of the loans shall go to eligible applicants
21 operating homeownership programs for low-income households in which the
22 households participate in the construction of their homes. Sixty
23 percent of loans shall go to other eligible organizations. If the
24 entire forty percent for applicants operating self-help homeownership
25 programs cannot be lent to these types of applicants, the remainder
26 shall be lent to other eligible organizations.

27 (d) Within five years of receiving a loan, a loan recipient must
28 present the Washington state housing finance commission with an updated
29 development plan, including a proposed development design, committed
30 and anticipated additional financial resources to be dedicated to the
31 development, and an estimated development schedule, which indicates
32 completion of the development within eight years of loan receipt. This
33 updated development plan must be substantially consistent with the
34 development plan submitted as part of the original loan application as
35 required in (b) of this subsection.

36 (e) Within eight years of receiving a loan, a loan recipient must
37 develop affordable housing on the property for which the loan was made
38 and place the affordable housing into service.

1 (f) A loan recipient must preserve the affordable rental housing
2 developed on the property acquired under this section as affordable
3 housing for a minimum of thirty years.

4 (4) If a loan recipient does not place affordable housing into
5 service on a property for which a loan has been received under this
6 section within the eight-year period specified in subsection (3)(e) of
7 this section, or if a loan recipient fails to use the property for the
8 intended affordable housing purpose consistent with the loan
9 recipient's original affordable housing development plan, then the loan
10 recipient must pay to the Washington state housing finance commission
11 an amount consisting of the principal of the original loan plus
12 compounded interest calculated at the current market rate. The
13 Washington state housing finance commission shall develop guidelines
14 for the time period in which this repayment must take place, which must
15 be noted in the original loan agreement. The Washington state housing
16 finance commission may grant a partial or total exemption from this
17 repayment requirement if it determines that a development is
18 substantially complete or that the property has been substantially used
19 in keeping with the original affordable housing purpose of the loan.
20 Any repayment funds received as a result of noncompliance with loan
21 requirements shall be deposited into the Washington state housing
22 finance commission land acquisition revolving loan fund for the
23 purposes of the affordable housing land acquisition revolving loan fund
24 program.

25 (5) The Washington state housing finance commission, with approval
26 from the department, may adopt guidelines and requirements that are
27 necessary to administer the affordable housing land acquisition
28 revolving loan fund program.

29 (6) Interest rates on property loans granted under this section may
30 not exceed one percent. All loan repayment moneys received shall be
31 deposited into the Washington state housing finance commission
32 affordable housing land acquisition revolving loan fund for the
33 purposes of the affordable housing land acquisition revolving loan fund
34 program.

35 (7) The Washington state housing finance commission must develop
36 performance measures for the program, which must be approved by the
37 department, including, at a minimum, measures related to:

1 (a) The ability of eligible organizations to access land for
2 affordable housing development;

3 (b) The total number of dwelling units by housing type and the
4 total number of (~~very~~) low-income households and persons served; and

5 (c) The financial efficiency of the program as demonstrated by
6 factors, including the cost per unit developed for affordable housing
7 units in different areas of the state and a measure of the effective
8 use of funds to produce the greatest number of units for low-income
9 households.

10 (8) By December 1st of each year, beginning in 2007, the Washington
11 state housing finance commission shall report to the department and the
12 appropriate committees of the legislature using, at a minimum, the
13 performance measures developed under subsection (7) of this section.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185A
15 RCW to read as follows:

16 (1) The affordable housing and community facilities rapid response
17 loan program is created in the department to assist eligible
18 organizations, described under RCW 43.185A.040, to purchase land or
19 real property for affordable housing and community facilities
20 preservation or development in rapidly gentrifying neighborhoods or
21 communities with a significant low-income population that is threatened
22 with displacement by such gentrification. The department shall
23 contract with the Washington state housing finance commission to
24 establish and administer the program.

25 (2) Loans or grants may be made through the affordable housing and
26 community facilities rapid response loan program to purchase land or
27 real property for the preservation or development of affordable housing
28 or community facilities, including reasonable costs and fees.

29 (3) The Washington state housing finance commission, with approval
30 from the department, may adopt guidelines and requirements that are
31 necessary to administer the affordable housing and community facilities
32 rapid response loan program.

33 (4) A loan recipient must preserve affordable rental housing
34 acquired or developed under this section as affordable housing for a
35 minimum of thirty years.

36 (5) Interest rates on loans made under this section may be as low
37 as zero percent but may not exceed three percent. All loan repayment

1 moneys received must be deposited into a program account established by
2 the Washington state housing finance commission for the purpose of
3 making new loans under this section.

4 (6) By December 1st of each year, beginning in 2008, the Washington
5 state housing finance commission shall report to the department and the
6 appropriate committees of the legislature: The number of loans that
7 were made in the program; for what purposes the loans were made; to
8 whom the loans were made; and when the loans are expected to be paid
9 back.

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